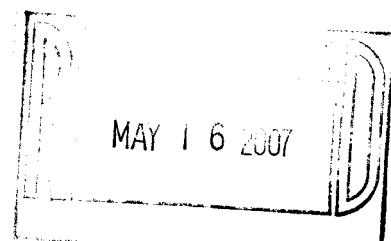


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May 16, 2007

Via Hand Delivery

The Honorable Jan E. Dubois
United States District Court for the Eastern District
of Pennsylvania
United States Courthouse
601 Market Street, Room 12613
Philadelphia, PA 19106-1721

FILED

Re: Securities and Exchange Commission v.
Liberty, et al., No. 06-1030

MAY 17 2007
MICHAEL E. KUNZ, Clerk
By Dep. Clerk

Dear Judge Dubois:

On November 6, 2006, Your Honor entered a Scheduling Order in the above action setting forth various case deadlines, including a discovery cutoff of July 31, 2007. Counsel has conferred and we wanted to inform the Court that we need to request an extension of the discovery cutoff deadline.

We previously had settlement discussions which ended because of the parties' inability to agree on the value of Mr. Liberty's assets and liabilities. On behalf of Mr. Liberty we have engaged forensic accountants to assist us in valuing Mr. Liberty's assets and liabilities for the purpose of resuming settlement negotiations with the SEC. This review will greatly assist the parties in their settlement discussions. Due to some personal issues of Mr. Liberty there was a delay in hiring the forensic accountants, but they have now been engaged and expect to complete their analysis in about three weeks. This delay has delayed the resumption of the settlement discussions. Since the parties are hopeful that settlement discussions will be fruitful we have agreed to hold off on further discovery so as not to waste resources. Once the accountants' analysis is complete we will be able to expeditiously engage in further settlement discussions. While we are optimistic about our continuing settlement discussions, the parties request an extension of discovery dates for 90 days.

Respectfully,

Jay A. Dubow

cc: Kingdon Kase, Esq. (overnight mail)

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